

House File 2331 - Introduced

HOUSE FILE 2331

BY KUHN and LENSING

A BILL FOR

1 An Act relating to alternate and renewable energy production
2 by establishing an alternate and renewable energy incentive
3 program applicable to alternate energy production facilities
4 under specified circumstances.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 476.43A **Alternate and renewable**
2 **energy incentive program.**

3 The board shall establish and administer an alternate and
4 renewable energy incentive program to encourage the development
5 of alternate energy production projects across this state, as
6 follows:

7 1. An alternate energy production facility with a nameplate
8 generating capacity of less than or equal to twenty megawatts
9 which has applied for or obtained the necessary financing to
10 cover facility construction and operation costs, and which
11 seeks to enter into an interconnection agreement with an
12 electric utility, may submit an application for interconnection
13 pursuant to the program to the board. The board shall develop
14 an application form and establish approval criteria by rule.

15 2. *a.* Eligibility for the program shall be contingent
16 upon meeting the requirements of section 476C.1, subsection 6,
17 paragraph "b", with regard to fifty-one percent ownership in the
18 facility being comprised of one or more of the individuals or
19 entities identified pursuant to that paragraph.

20 *b.* Notwithstanding the maximum ownership or purchase
21 requirements of section 476.44, an electric utility shall
22 interconnect with a facility which is approved by the board
23 for participation in the program, but shall not be required to
24 purchase an amount of energy from program participants which
25 exceeds two percent of its total demand load.

26 *c.* An electric public utility having fewer than ten
27 thousand customers and electric cooperative corporations
28 and associations referred to in section 476.1A shall not be
29 required to interconnect with a facility pursuant to the
30 program.

31 3. The board shall develop standardized energy independence
32 payment offers to facilitate interconnection between an
33 electric utility and a program participant incorporating
34 the applicable energy independence payments established by
35 the board pursuant to subsection 4. Standardized energy

1 independence payment offers shall continue in effect for
2 a twenty-year period, subject to termination provisions
3 for failure to perform to be established by the board by
4 rule, and shall ensure that the energy produced can be
5 safely interconnected with the utility without causing any
6 adverse or unsafe consequences. The board shall require
7 all electric utilities to file with the board standardized
8 energy independence payment offers consistent with the offers
9 developed by the board. Electric utilities shall make these
10 offers available to any eligible program participant.

11 4. Energy independence payments applicable to the
12 program shall be established by the board sufficient to
13 guarantee repayment to a lender providing financing to a
14 program participant over a ten-year period. The energy
15 independence payments shall be calculated on a kilowatt-hour
16 basis. The energy independence payments shall be calculated
17 at a relatively higher level for projects initiated by
18 smaller-sized, community-based program participants in
19 comparison to larger-sized or commercial applicants, and at
20 the payment needed for development plus a reasonable profit.
21 Applicable energy independence payments shall vary by project
22 size and form of technology, according to the following
23 schedule:

24 a. For wind turbine facilities, separate energy independence
25 payments shall be calculated for facilities of between zero and
26 one hundred ten kilowatts, one hundred eleven and five hundred
27 kilowatts, five hundred one kilowatts and two and one-half
28 megawatts, and two and fifty-one hundredths megawatts and
29 twenty megawatts of nameplate generating capacity. For each
30 of these capacities, the board shall determine and apply three
31 differentiated wind power classes.

32 b. For waste management facilities, separate energy
33 independence payments shall be calculated for facilities of
34 between zero and ten kilowatts, and between five hundred
35 one kilowatts and twenty megawatts of nameplate generating

1 capacity.

2 *c.* Solar facilities shall be differentiated into
3 single-plate photovoltaic facilities and thin film photovoltaic
4 facilities.

5 (1) For single-plate photovoltaic facilities, separate
6 energy independence payments shall be calculated for facilities
7 of between zero and ten kilowatts, eleven and five hundred
8 kilowatts, and five hundred one kilowatts and twenty megawatts
9 of nameplate generating capacity.

10 (2) For thin-film photovoltaic facilities, separate energy
11 independence payments shall be calculated for facilities
12 of between zero and ten kilowatts, eleven and five hundred
13 kilowatts, and five hundred one kilowatts and twenty megawatts
14 of nameplate generating capacity.

15 (3) For each of the capacities specified in subparagraphs
16 (1) and (2), the board shall determine and apply three
17 differentiated solar resource classes.

18 *d.* For agricultural crop and residue facilities, separate
19 energy independence payments shall be calculated for facilities
20 of between zero and ten kilowatts, eleven and five hundred
21 kilowatts, five hundred one kilowatts and one megawatt, and
22 one and one-tenth megawatts and twenty megawatts of nameplate
23 generating capacity.

24 *e.* For small hydro facilities, separate energy independence
25 payments shall be calculated for facilities of between zero and
26 fifty kilowatts, fifty-one and five hundred kilowatts, five
27 hundred one kilowatts and ten megawatts, and ten and one-tenth
28 megawatts and twenty megawatts of nameplate generating
29 capacity.

30 5. The energy independence payments established pursuant
31 to subsection 4 shall be subject to biannual review and
32 periodic adjustment by the board with respect to new program
33 participants based upon inflationary growth, technological
34 advances, and new product availability. The energy
35 independence payment shall be automatically adjusted after

1 the ten-year repayment guarantee period has elapsed. The
2 readjusted energy independence payment shall be sufficient
3 to provide for the operation and maintenance costs of the
4 alternate energy production facility plus a reasonable profit.

5 6. In the event that state or federal tax credits or other
6 incentives are received by a program participant, the board
7 shall adjust and offset the energy independence payments
8 applicable to that participant to reflect the incentive amount.

9 7. The energy independence payments established pursuant
10 to this section shall be in lieu of rates otherwise determined
11 by the board pursuant to section 476.43. An unsuccessful
12 applicant, or an alternate energy production facility with
13 greater than twenty megawatts of nameplate generating capacity,
14 shall be governed by the rates established in section 476.43.

15 8. The board shall submit a report to the general assembly
16 by January 1 annually regarding participation levels and
17 program results.

18 EXPLANATION

19 This bill establishes an alternate and renewable energy
20 incentive program applicable to alternate energy production
21 facilities approved for participation in the program.

22 The bill provides that an electric utility, other than an
23 electric public utility having fewer than 10,000 customers and
24 electric cooperative corporations and associations referred
25 to in Code section 476.1A, shall be required to interconnect
26 with an alternate energy production facility approved for
27 participation in the program. An eligible applicant shall be a
28 facility with less than or equal to 20 megawatts of nameplate
29 generating capacity, which has obtained bank financing to
30 finance facility construction and operation costs, and which
31 meets percentage ownership requirements specified in Code
32 section 476C.1, subsection 6, paragraph "b". Notwithstanding
33 the maximum ownership or purchase requirements of Code
34 section 476.44, an electric utility shall be required to
35 interconnect with a facility which is approved by the board

1 for participation in the program, but shall not be required to
2 purchase an amount of energy from program participants which
3 exceeds 2 percent of its total demand load.

4 To facilitate interconnection, the bill directs the
5 board to develop standardized energy independence payment
6 offers which shall incorporate energy independence payments
7 applicable to the program. The bill provides that such
8 offers would continue in effect for 20 years, and ensure
9 safe interconnection with the utility. The bill directs the
10 board to require all electric utilities to file standardized
11 energy independence payment offers consistent with the
12 offers developed by the board, and make them available to
13 any eligible program participant. The bill provides that
14 the payments shall be sufficient to guarantee repayment to a
15 lender providing financing to a program participant over a
16 10-year period, shall be calculated on a kilowatt-hour basis
17 and at a relatively higher payment for projects initiated by
18 smaller-sized, community-based program participants, and at a
19 level providing for development plus a reasonable profit. The
20 bill specifies a schedule requiring the application of varying
21 payments depending upon the number of megawatts or kilowatts
22 of nameplate generating capacity to be produced by the program
23 participant and the type of technology employed to generate it.

24 The bill provides for biannual review of the energy
25 independence payments and periodic adjustment if determined
26 appropriate for new applicants. The payment shall be
27 automatically adjusted after the 10-year repayment guarantee
28 period has elapsed, and shall continue for an additional
29 10-year period at a payment level sufficient to provide for
30 the operation and maintenance costs of the alternate energy
31 production facility plus a reasonable profit.

32 The bill provides that the board may adjust and offset the
33 energy independence payments if state or federal tax credits
34 or other incentives are received by a program participant, and
35 clarifies that the payments applicable pursuant to the program

1 shall be in lieu of rates otherwise determined by the board
2 pursuant to Code section 476.43. The bill also clarifies that
3 an unsuccessful applicant or an alternate energy production
4 facility with greater than 20 megawatts of nameplate generating
5 capacity shall continue to be governed by the rates established
6 in Code section 476.43.

7 The bill requires the board to submit an annual report to
8 the general assembly regarding participation levels and program
9 results.